

Anticipating a Post-COVID-19 Society
(3) Other Businesses

Peach John

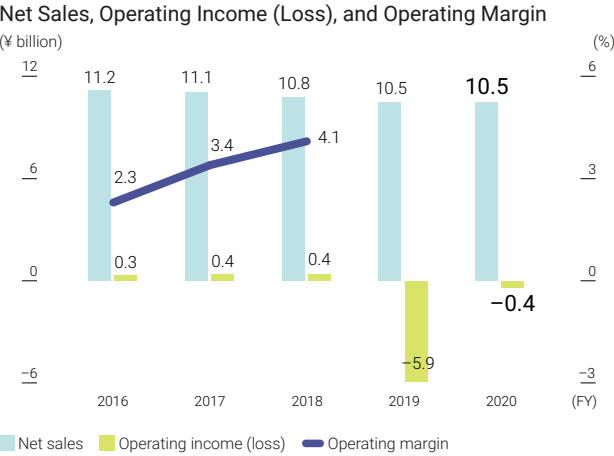
With the revitalization of Peach John as our mission, we will capitalize on the advantages of being a company focused on e-commerce and step up marketing to evolve into a company capable of sustaining profits and creating value.



Manabu Tochio
President and Representative Director
Peach John Co., Ltd.

Fiscal 2020 Performance

Net sales	¥10.5 billion (−0.1% YoY)
Operating loss	¥(0.4) billion
Operating margin	—



Fiscal 2020 Achievements

At Peach John Co., Ltd., in fiscal 2020, the year ended March 31, 2020, we implemented fundamental structural reform of businesses with a view to improving profitability in line with the priority strategies of the current medium-term management plan. Our first reform measure was to withdraw from underperforming businesses. As a result of the decision to close eight underperforming stores and reduce the number of directly managed stores to 36, business efficiency increased. The second reform measure entailed discontinuing the production of catalogs, which were not performing well. Immediately after the discontinuation of catalogs, sales dropped. Nonetheless, we have been able to offset this drop by successfully disseminating topical promotion initiatives via social media. In our third reform measure, we established a new lineup of low-priced products to attract customers aged 25 or under, one of our priority strategies. In aforementioned ways, by focusing strongly on growing in-house e-commerce in domestic operations while increasing product appeal and enhancing customer services in Japan, Peach John has prepared the way for a move into the black.

Measures Going Forward in Anticipation of Post-COVID-19 Conditions

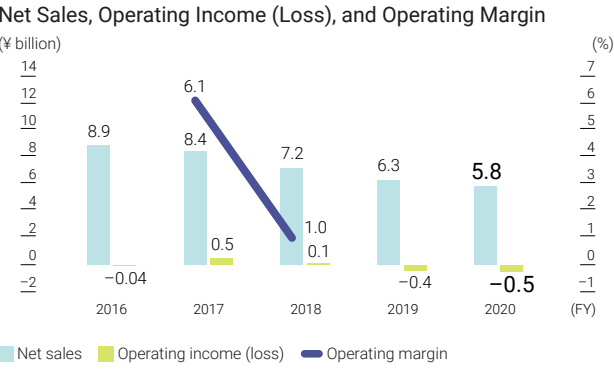
We believe that our strengths will remain advantages in a post-COVID-19 world. Accordingly, in fiscal 2021, the year ending March 31, 2021, we will accelerate measures implemented up until fiscal 2020. While increasing the differentiation of each sales channel, we will establish a product lineup that reflects customer needs, conduct and implement product development, and increase management efficiency. Meanwhile, to increase in-house e-commerce sales—which is a priority measure—the development of points of contact with customers will be important. By applying to digital formats expertise garnered through the production of catalogs, we will create content competitors cannot match and thereby acquire new customers among the younger generation.

Peach John's role is to contribute to earnings through the utilization of powerful brand equity for continued trend creation and the development of new points of contact with young customers. We will revitalize Peach John by marketing products and services that reflect changes both in society and in demand.

Lecien

Fiscal 2020 Performance

Net sales	¥5.8 billion (−8.3% YoY)
Operating loss	¥(0.5) billion
Operating margin	—



Fiscal 2020 Achievements and Measures Going Forward

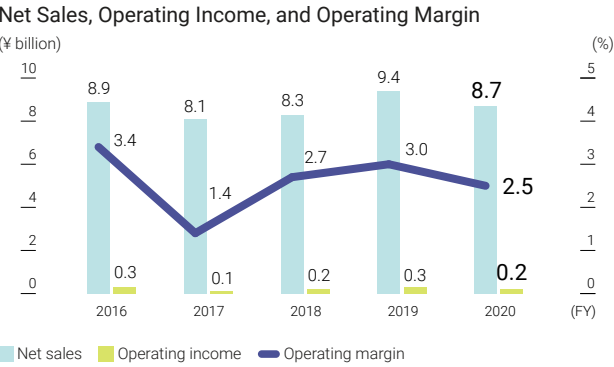
In accordance with the medium-term management plan, Lecien Corporation has adopted the selection and concentration of business fields as a priority strategy and is building business foundations that will enable the company to remain in the black permanently. In fiscal 2020, the year ended March 31, 2020, the company's net sales were 8% lower than those of the previous fiscal year because a year-on-year increase in the sales of private brand products for general merchandise stores and specialty stores was unable to completely offset a decline in the revenues of the material business. Due to the recognition of one-time expenses for a special voluntary retirement scheme that

accompanied withdrawal from the apparel business, Lecien recognized an operating loss. Challenging business conditions are expected to continue as orders decline due to the surplus inventories of the domestic clients that we supply as an original equipment manufacturer. We will proactively develop new clients and strengthen efforts to market solutions for suburban specialty stores, which have seen comparatively firm trends even amid the COVID-19 crisis. In conjunction with these efforts, Lecien will continue improving management efficiency by revising expenditure plans.

Nanasai

Fiscal 2020 Performance

Net sales	¥8.7 billion (−7.4% YoY)
Operating income	¥0.2 billion (−22.7% YoY)
Operating margin	2.5% (−0.5pt YoY)



Fiscal 2020 Achievements and Measures Going Forward

In line with the medium-term management plan, Nanasai Co., Ltd., is taking steps to build new platforms through the acquisition of new customers and the development of new products. At the same time, the company is conducting business management with a strong focus on profits. In fiscal 2020, the year ended March 31, 2020, reflecting the absence of the previous fiscal year's large-scale remodeling of department stores, net sales declined 7% year on year. Due to the lower net sales, operating income decreased 23% year on year. The COVID-19 pandemic is significantly affecting the business

management of Nanasai because its clients are postponing store remodeling and canceling various events. Premised on the unlikelihood of an early recovery in demand, we are undertaking a bold revision of expenditure plans that entails commencing sales of airborne droplet barriers, eliminating and consolidating underperforming sales bases, suspending the recruitment of new employees, and reorganizing properties rented from third parties. Further, we plan to examine next-stage measures for profitability improvement in light of careful analysis of future demand.